

REFERENCE TITLE: state retirees; health insurance payments

State of Arizona
House of Representatives
Forty-seventh Legislature
Second Regular Session
2006

HB 2476

Introduced by
Representatives Konopnicki, Mason, McLain: Reagan

AN ACT

AMENDING SECTION 38-651.01, ARIZONA REVISED STATUTES; RELATING TO STATE RETIREE HEALTH INSURANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-651.01, Arizona Revised Statutes, is amended to
3 read:

4 38-651.01. Group health and accident coverage for retired
5 public employees and elected officials and their
6 dependents

7 A. The department of administration shall, by rule, adopt standards to
8 establish group health and accident coverage for former employees who worked
9 for the state of Arizona and who opt upon retirement to enroll or continue
10 enrollment in the group health and accident coverage for active employees
11 working for the state of Arizona, or disabled, and receiving either income
12 from a retirement program of this state or long-term disability income
13 benefits pursuant to section 38-651.03 or chapter 5, article 2.1 of this
14 title and their dependents and to establish eligibility for retired or
15 disabled state employees to participate in the coverage. The department of
16 administration may adopt rules which provide that if a retired or disabled
17 insured dies before an insured surviving dependent, the insured surviving
18 dependent is entitled to extended coverage at group rates if the insured
19 surviving dependent elects to continue in the coverage within six months of
20 the retired or disabled insured's death and the insured surviving dependent
21 agrees to pay the cost of the premium for group health and accident
22 insurance. Upon notification of the retired or disabled insured's death, the
23 department of administration shall immediately notify an insured surviving
24 dependent of the provisions of this section. The department of
25 administration may enter into agreements with disabled former state employees
26 and their dependents who elect to obtain the coverage provided by this
27 section. The agreements may include provisions for the payment of amounts
28 sufficient to pay for the premium and administrative expense of providing the
29 coverage. The department of administration may adopt rules which provide
30 that upon the death of a state employee who at the time of death was eligible
31 for normal retirement pursuant to section 38-757 under the Arizona state
32 retirement system, the insured surviving spouse and eligible dependent
33 children are entitled to continue coverage under group rates provided that
34 the deceased insured state employee, spouse and dependent children were
35 insured at the time of the employee's death. The insured surviving spouse
36 shall be charged an amount sufficient to pay the full premium for the
37 coverage.

38 B. The department of administration may, by rule, adopt standards to
39 establish group health and accident coverage for former elected officials of
40 this state or its political subdivisions and their dependents and to
41 establish eligibility for former elected officials to participate in the
42 coverage. Qualifications for eligibility shall include that the former
43 elected official has at least five years of credited service in the elected
44 officials' retirement plan pursuant to chapter 5 of this title, had been
45 covered under a group health or group health and accident plan while serving
46 as an elected official and had been serving as an elected official on or
47 after January 1, 1983. The department of administration may adopt rules

1 which provide that upon the death of an elected official or insured former
2 elected official, the insured surviving spouse is entitled to coverage at
3 group rates provided that the deceased insured former elected official met or
4 would have met the qualifications for eligibility pursuant to this subsection
5 or that the deceased elected official would have met the qualifications for
6 eligibility had the deceased not been in office at the time of death. Except
7 as provided in subsection J of this section, the insured former elected
8 official or the insured surviving spouse shall be charged amounts which are
9 sufficient to pay for the premium and state administrative expense of
10 providing coverage. Notwithstanding subsection J of this section, the
11 standards shall provide that all or any portion of the former state employees
12 or former elected officials or their dependents shall be grouped with
13 officers and employees of the state and its departments and agencies or their
14 dependents as necessary to obtain health and accident coverage at favorable
15 rates.

16 C. The state retirement system board may enter into agreements with
17 retired and disabled state employee members of the system and plan who elect
18 to obtain the coverage provided pursuant to subsection A of this section. The
19 agreements may include provision for the deduction from the retirement
20 benefits of participants of a retirement program of this state who elect to
21 obtain coverage of amounts sufficient to pay for the premium not covered
22 under retirement benefits and state administrative expense of providing
23 coverage.

24 D. Retired state employee or disabled state employee members of the
25 public safety personnel retirement system, the elected officials' retirement
26 plan, the corrections officer retirement plan or the optional retirement
27 programs authorized pursuant to section 15-1628 who opt upon retirement to
28 enroll or continue enrollment in the group health and accident coverage for
29 active employees working for the state of Arizona and their dependents and
30 who are receiving benefits from the public safety personnel retirement
31 system, the elected officials' retirement plan, the corrections officer
32 retirement plan or the optional retirement programs authorized pursuant to
33 section 15-1628 may participate in group health and accident coverage
34 provided pursuant to this section. The department of administration shall
35 adopt rules which are necessary for the implementation of this subsection.

36 E. The fund manager of the public safety personnel retirement system
37 may enter into agreements with retired state employee members and their
38 dependents who elect to obtain the coverage provided pursuant to this
39 section. The agreements may include provision for the deduction from the
40 retirement benefits of participants of a retirement program of this state who
41 elect to obtain coverage of amounts sufficient to pay for the premium not
42 covered under retirement benefits and state administrative expense of
43 providing coverage.

44 F. The fund manager of the public safety personnel retirement system
45 may enter into agreements with retired judges and retired elected officials
46 and their dependents who elect to obtain the coverage provided pursuant to
47 this section. The agreements may include provision for the deduction from

1 the retirement benefits of participants of a retirement program of this state
2 who elect to obtain coverage of amounts sufficient to pay for the premium not
3 covered under retirement benefits and state administrative expense of
4 providing coverage.

5 G. The fund manager of the public safety personnel retirement system
6 may contract with an insurance carrier and adopt standards to establish a
7 group health and accident insurance coverage program for retired members of
8 the public safety personnel retirement system, their dependents and their
9 spouses. Any members or spouses who elect to obtain the group health and
10 accident coverage provided under this subsection shall agree to a deduction
11 from their monthly retirement benefits of an amount sufficient to pay for the
12 premium not covered under retirement benefits and the administrative expense
13 of providing coverage.

14 H. A county board of supervisors may enter into agreements to
15 establish group health and accident coverage for retired or disabled county
16 employees and their dependents who elect to obtain the coverage provided
17 pursuant to section 11-263, subsection B. The agreements may include
18 provision for the deduction from the retirement benefits of participants of a
19 retirement program of this state who elect to obtain the coverage of amounts
20 sufficient to pay for the premium not covered under retirement benefits and
21 the administrative expense of providing for the coverage.

22 I. Nonmedicare eligible retirees who live in this state, who enroll in
23 a qualifying plan under this section and who reside outside the area of a
24 qualifying health maintenance organization shall be offered the option to
25 enroll with a qualified health maintenance organization offered through their
26 provider under the same premiums as if they lived within the area boundaries
27 of the qualified health maintenance organization provided that:

28 1. All medical services are rendered and received at an office
29 designated by the qualifying health maintenance organization or at a facility
30 referred by the health maintenance organization.

31 2. All nonemergency or nonurgent travel, ambulatory and other expenses
32 from the residence area of the retiree to the designated office of the
33 qualifying health maintenance organization or the facility referred by the
34 health maintenance organization are the responsibility of and at the expense
35 of the retiree.

36 3. All emergency or urgent travel, ambulatory and other expenses from
37 the residence area of the retiree to the designated office of the qualifying
38 health maintenance organization or the facility referred by the health
39 maintenance organization shall be paid pursuant to any agreement between the
40 health maintenance organization and the retiree living outside the area of
41 the qualifying health maintenance organization.

42 J. ~~Public funds shall not be expended to pay all or any part of the~~
43 ~~premium of insurance pursuant to this section except for monies authorized to~~
44 ~~be paid for any insured from the retirement plan from which the insured is~~
45 ~~receiving benefits.~~